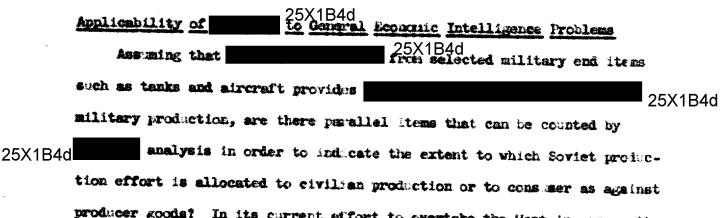
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25X1B4d 25X1A9a 25X1A9a 25X1A9a 25X1A9a 25X1B4d As lucidly demonstrates, have been of have been of therefore reasonable to ask "where now?" - Does 25X1B4d 25

It would indeed be of much use to the intelligence community to have at its disposal a technique capable of indicating not only the level of output of particular military and civilian products, but also a more comprehensive guide to the allocation of effort between sectors of the sconcay. The applicability of this technique to these problems is doubtful and requires careful evaluation.



producer goods? In its current effort to evertake the West in per capita production the USSR is emphasizing the production of meat, wilk, and butter. Increased attention is also being given to the production of clothing and to the provision of more adequate housing. Even in the

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Soviet economy the greater part of the national product consists of goods and services for the population. Is it seriously proposed to measure domestic production of these products by means of 25X1B4d 25X1B4a

25X1B4d 25X1B4d

has had considerable success in gauging the output of military end items such as tanks and aircraft, whose end use is readily identifiable, and which are assembled in a relatively small number of 25X1B4d may also assist in the estimate of current output of such producer goods as trucks, tractors, and construction equipment, but it is impossible to tell from the nature of many manufactured products whether they will be allocated to direct military purposes, to the production of other producer goods, or to the production of food, 25X1B4d analysis in itself is not capable of clothing, and housing. disclosing the end use to which many industrial products will be put, and is therefore not an adequate indicator of changes in economic policy.

What, for example, is the objective of the current Seviet effort to increase the production of consumer goods, to shorten the work week, and to raise minimum wages? Is it the purpose of these moves to improve the welfare of the consumer or is it intended to increase incentives and thereby to raise the productivity of workers in heavy industry?

Analyzed in conjunction with other evidence, to answer questions of this type. Clearly, analysis in itself cannot explain directly the reasons for or even the nature of broad changes in economic policy which transcend the production of particular Approved For Release 2001/03/02 : CIA-RDP62S00231A000100020060-6

commodities - changes for example, in the emphasis upon an entire sector of the economy, either as the producer or consumer of national product.

Collection Problem

Furthermore, the collection of from battle-field is not comparable to the requirement for the

25X1B4d

25X1B4d

25X1B4d Rot only would the list of

products have to be extensive, but also many products are made in a great

number of factories, each of which has its own

25X1B4d

independent of that of other factories. It would therefore be very

difficult, if not impossible to establish a collection system to sample

adequately all or even the major producers of the targetted items. To

be effective, the shopping list would have to be compiled not on the basis

of the end product, since producers go in and out of production of

particular items, but on the total array of Soviet factories capable of

producing significant quantities of end products. Such a list would

include thousands of installations, quite beyond the scope of any

25X1B4d

could give

25X1B4d not the total production of an entire economic sector.

outside of the Soviet Union, considerable bias may be introduced by the fact that certain producers may be delegated the task of production for expert. It is possible that production for expert may continue as a

reasonable estimates of outputs of those factories from which it could

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matter of mational policy, even when production for domestic consumption in other plants has been significantly modified.

Finally, even if the acquisition, processing, and analysis of 25X1B4d

is expedited, there is no assurance that

collected, and therefore not timely indicators

of changes in economic policy.

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military end items and certain other selected

types of manufactured products, it is not adopted to the replacement of

conventional research methods in estimating the production of most

commodities and in the treatment of aggregate questions such as economic

growth, the allocation of resources and in general, problems related to

broad economic policy. It is clear that many important intelligence

questions cannot be answered by numerical estimates of output of selected

machinery items and the

Where How!

Let us therefore not endes or to convert the sethodology into a universal solvent for all intelligence problems. The answer to the question, "Where now?" lies not in the extension of a method proved competent in one realm to problems to which it is obviously not adapted and for which there are more appropriate approaches. Intelligence production, moreover, is a continuing problem. The problem of the production of military end items was not solved for the present and fixure by collection

- 4 -

during the Korean war. The problem is still with as and the gaps are still memorous. Changing patterns of heavy bomber construction invite close

25X1B40

analysis. The new family of post World War II ground weapons
25X1B4d

offers great opportunities for

Relatively little has 25X1B4d

been done to solve the problem of Soviet assumition production, made complex

by the multiplicity of producers. Let not the

25X1B4d

experts divert

their attention from these argent problems to the collection of data on

which overt information is relatively plentiful.

25X1B4d analysis is also being used effectively to supplement other collection, particularly in the estimation of producer goods output.

Although officially sumounced information on the cutput of Soviet suchine tools for example, adequately describes total production,

25X1B4d collection and analysis has a considerable potential to fill gaps in information production of machine tools by type. The frontier of analysis lies in the filling of priority gaps of this nature rather than in the mabitious effort to answer all economic intelligence questions.

technique in perspective and to ask what it can do best and in which direction it should seek to develop in the future. Such an inquiry, however, should be undertaken only with full sourcess of the capabilities of the sources, the swallability and reliability of other types of data, and the nature of the intelligence questions being considered.

25X1B4d develop into a mature contributor to the intelligence community as a whole.